

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01 SP-02

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E.O. 11652: N/A

TAGS: PFOR, EHEN EEC, US

SUBJECT: ASSESSMENT OF THE EC SUMMIT

REF: A. EC BRUSSELS 9758 B. PARIS 29779 C. PARIS 29933 D. LONDON  
16260 E. BONN 19158 F. DUBLIN 1779

1. BEGIN SUMMARY. THE EUROPEAN SUMMIT ACHIEVED NO IMMEDIATE MAJOR BREAKTHROUGHT TOWARD EUROPEAN INTEGRATION OR TOWARD SOLUTIONS TO PRESENT ECONOMIC PROBLEMS, BUT IT HAS BEEN GENERALLY TAKEN AS A "MODEST" SUCCESS. ON MOST ISSUES DISCUSSED, THE "ONLY TIME WILL TELL" CONCLUSION IN REFTEL B IS APPLICABLE. A RELATIVELY SMALL REGIONAL FUND WAS FINALLY PUT IN PLACE, AND THE DECISION IN PRINCIPLE ON THE UK BUDGET ISSUE SEEMS TO BE AN IMPORTANT STEP IN THE "RENEGOTIATION" PROCESS. SUMMIT STATEMENTS ON EUROPEAN INSTITUTIONS MAY REPRESENT USEFUL OPENINGS FOR THE FUTURE BUT ARE UNLIKELY TO HAVE SIGNIFICANT SHORT-RUN IMPACT. IN TONE AND STYLE, THE UNDERLYING RECOGNITION OF INTERDEPENDENCE AMONG THE

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NINE AND WITH THE U.S.IS A WELCOME DEVELOPMENT.

END SUMMARY.

2. THE BROAD PUBLIC REACTION TO THE SUMMIT IS THAT IT HAS BEEN A SMALL SUCCESS, THAT THE HEADS OF GOVERNMENT WERE REALISTIC AND PRAGMATIC IN THEIR APPROACH, AND THAT PERHAPS THE GROUND HAS BEEN SOWN FOR FUTURE IMPROVEMENTS IN THE COMMUNITY STRUCTURE. (THE ACCOUNT IN REFTELA HAS BEEN BROADLY CONFIRMED BY OUR FURTHER DISCUSSIONS HERE AND BY REPORTING SO FAR FROM OTHER POSTS.)

3. WHATEVER ADJECTIVE ONE WISHES TO APPLY TO THE OUTCOME DEPENDS TO A LARGE EXTENT ON (A) EXPECTATIONS HELD BEFORE THE MEETING--VARYING FROM ABLEAK TO MODERATELY OPTIMISTIC--AND (B) ESTIMATES ABOUT POSSIBILITIES FOR FUTURE COMMUNITY DEVELOPMENT IN LIGHT OF THE STATEMENTS AND DECISIONS ON SUCH MATTERS AS MAJORITY VOTING AND THE PARLIAMENT.

4. FROM THE STANDPOINT OF THE KIND OF EUROPE WE SHALL HAVE TO DEAL WITH IN THE NEAR TERM, A TENTATIVE JUDGEMENT CAN BE MADE. THE EXISTING COMMUNITY STRUCTURE--THE ROME TREATY INSTITUTIONS AND THE DEVELOPING SYSTEM OF POLITICAL COOPERATION--IS LIKELY TO CONTINUE IN ROUGHLY ITS PRESENT FORM AND BALANCE BETWEEN INTERGOVERNMENTAL COOPERATION AND INTEGRATION. VIEWS HERE DIFFER ON WHAT THE ADDITION OF THE EUROPEAN COUNCIL OF HEADS OF GOVERNMENT ON TOP OF THE EXISTING SYSTEM WILL MEAN. SYSTEMATIC AND PERIODIC MEETINGS OF THE NINE LEADERS MAY BE BENEFICIAL IN GETTING SOME EUROPEAN MOVEMENT UNDER WAY AFTER TWO YEARS OF STAGNATION. BALANCED AGAINST THIS, IN THE EYES OF SOME COMMUNITY OFFICIALS, IS THE RISK THAT ROUTINE DECISIONS THAT ALREADY TENDED TO BE BUCKED UP TO THE MINISTERIAL LEVEL WILL NOW BE HELD FOR THE HEADS OF GOVERNMENT. ON THE PARLIAMENT AND MAJORITY VOTING THE SUMMIT HAS PERHAPS CREATED SOME FUTURE POSSIBILITIES BUT NOTHING OF IMMEDIATE CONSEQUENCES.

5. THE SUMMIT DOES SEEM TO MARK THE BEGINNING OF A LIMITED OFFICIAL USE

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MOVEMENT TOWARD CLOSER HARMONIZATION BETWEEN ACTIVITIES OF THE COMMUNITY PER SE AND POLITICAL COOPERATION AMONG THE NINE; THE MERE FACT THAT THE FOREIGN MINISTERS WILL MEET IN BOTH CAPACITIES ON THE SAME OCCASIONS SHOULD TEND TO BRING THESE TWO STREAMS OF EUROPEAN ACTIVITY CLOSED TOGETHER.

6. PREDICTABLY, THE HEADS OF GOVERNMENT WERE NOT ABLE

TO COME UP WITH ANY NEW OR IMAGINATIVE APPROACHES TO THE COMMUNITY'S OR THE WORLD'S SERIOUS ECONOMIC PROBLEMS. BUT THEIR STATEMENT AND, WE ARE TOLD, THEIR ACTUAL DISCUSSIONS REFLECTED A HEALTHY SENSE OF REALISM AND PRAGMATISM. IN FACT, THE SUMMIT'S RECOGNITION OF EUROPE'S TIES WITH THE UNITED STATES AND WITH THE INDUSTRIALIZED COUNTRIES GENERALLY IS A WELCOME CHANGE FROM WHAT MIGHT HAVE BEEN EXPECTED IN THE DAYS OF DE GAULLE AND POMPIDOU.

7. THE MOST IMPORTANT SINGLE DEVELOPMENT AT THE SUMMIT MAY TURN OUT TO HAVE BEEN THE AGREEMENT IN PRINCIPLE FOR AN ADJUSTMENT TO THE COMMUNITY'S BUDGET SYSTEM. WHILE IT IS TOO EARLY TO MAKE A HARD JUDGEMENT, THE SUMMIT WILL BE SEEN AS A CONSIDERABLE SUCCESS IN RETROSPECT, IF IT MARKS A REAL TURNING POINT ON THE UK RENEGOTIATION ISSUE (REFTEL ()).

8. IN OLD-TIME EC RELIGION TERMS, THERE MAY BE SOME REGRET OVER THE APPARENT WATERING DOWN OF THE "OWN RESOURCES" CONCEPT. BUT IT IS BEING ACCEPTED AND TOUGH BARGAINING STILL LIES AHEAD PRIOR TO IMPLEMENTATION. MOREOVER, THE PRINCIPLE OF GENERAL APPLICABILITY MEANS THAT MORE THAN BRITISH DESIDERATA WILL HAVE TO BE TAKEN INTO ACCOUNT.

9. THE ONLY SUBSTANTIVE ISSUE ON WHICH THE HEADS OF GOVERNMENT TOOK AN OPERATIONAL DECISION WAS THE ESTABLISHMENT OF THE REGIONAL FUND--TWO YEARS LATE AND WITH SUBSTANTIALLY LESS MONEY THAN ORIGINALLY HOPED FOR. ON OTHER MATTERS, THE SUMMIT STATEMENTS REPRESENTED EITHER INTERIM HOLDING ACTIONS (ENERGY AND THE REINFORCEMENT OF THE MTNS) OR BOILER PLATE LIMITED OFFICIAL USE

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(SOCIAL POLICY).

10. SOME OFFICIALS HERE ATTACH SIGNIFICANCE TO THE STYLE OF THE HEADS OF GOVERNMENT. THEY FEEL THAT THE ELEMENT OF SPONTANEITY, FLEXIBILITY AND BROADER VISION MAY PROVIDE A NEEDED ANTIDOTE TO THE INCREASINGLY RIGID AND STEREO-TYPED DEBATES.

1. OUR BASIC PROBLEMS IN DEALING WITH THE COMMUNITY AND THE NINE ALL REMAIN, WHETHER THE ISSUES LIE IN THE FIELD OF POLITICAL CONSULTATIONS OR TRADE AND ECONOMIC POLICY. BUT THE SUMMIT DID NOTHING TO WORSEN THE CLIMATE OR CONDUCT OF ATLANTIC RELATIONS, AND IT MAY HAVE CONTRIBUTED TO IMPROVING THEM OVER THE LONGER TERM BY HELPING TO RESOLVE THE BRITISH PROBLEM;

BY AFFIRMING THE FACT OF INTERDEPENDENCE AND BY  
TRYING TO TAKE ACCOUNT OF EXCHANGES WITH THE U.S. AS  
EXEMPLIFIED BY SCHMIDT'S REPORT ON HIS WASHINGTON  
TALKS AND GISCARD'S MANDATE TO CONVEY EC VIEWS ON THE  
ECONOMIC SITUATION TO PRESIDENT FORD. GREENWALD

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